

Message Text

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ACTION ARA-15

INFO OCT-01 ISO-00 AID-05 L-03 EB-08 PM-05 SS-15 SP-02
TRSE-00 OMB-01 /055 W
-----035702 301417Z /14
R 281333Z SEP 78
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 360

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E.O. 11652: N/A
TAGS: SWEL, CO
SUBJECT: PUBLIC WELFARE: REQUEST FOR ASSISTANCE TO
NATIONAL SOCIAL SECURITY FUND

1. IN CONVERSATION WITH AMBASSADOR LAST WEEK, SECRETARY GENERAL OF THE PRESIDENCY PEREZ VIVES SAID THAT NATIONAL SOCIAL SECURITY FUND WAS NEARLY BANKRUPT AND INQUIRED WHETHER USG WOULD BE IN A POSITION TO HELP IN ANY WAY. (FUND PROVIDES HEALTH BENEFITS FOR PUBLIC SECTOR EMPLOYEES AT NATIONAL GOVERNMENT LEVEL AND PENSIONS FOR RETIRED EMPLOYEES.) AMBASSADOR REPLIED THAT, AS USG DID NOT FURNISH BUDGETARY SUPPORT AND AID WAS STRICTLY FOR DEVELOPMENT PURPOSES, IT SEEMED UNLIKELY USG COULD BE HELPFUL. NEVERTHELESS, HE PROMISED TO LOOK INTO THE QUESTION AND PROPOSED A MEETING BETWEEN APPROPRIATE OFFICIALS OF MINISTRY OF LABOR AND SOCIAL SECURITY AND EMBASSY OFFICERS AT AN EARLY DATE.

2. ACCORDINGLY, POLITICAL AND ECONOMIC COUNSELORS MET SEPTEMBER 25 WITH DIRECTOR GENERAL OF THE FUND ARANGO PALACIO IN AN ATTEMPT TO DEFINE NATURE AND EXTENT OF THE PROBLEM. IN RESPONSE TO QUESTIONS, ARANGO TOLD EMBOFFS THAT DEFICIT OF PESOS 3,137,000,000 (ROUGHLY US \$79,965,000) WAS ANTICIPATED FOR FY 79 (SAME AS CY 79); THAT DEFICIT HAD

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COME ABOUT BECAUSE OF INADEQUACY OF ACTUARIAL DATA AND FAILURE OF GOVERNMENT DEPARTMENTS AND INDEPENDENT AGENCIES TO MAKE CONTRIBUTIONS TO FUND (FUND IS DEPENDENT ON THREE SOURCES OF INCOME: CONTRIBUTIONS BY EMPLOYEES, BUDGETARY PROVISION, AND CONTRIBUTIONS BY DEPARTMENTS AND AGENCIES); THAT STEPS WOULD BE TAKEN TO SEE THAT PRESENT SITUATION DID NOT RECUR IN FY 80; AND THAT GOC WAS INTERESTED IN OBTAIN-

ING A LOAN, NOT A GRANT (HE SUGGESTED THAT LOAN MIGHT BE MADE BY PRIVATE BANK OR BANKS IN US WITH ENDORSEMENT OF USG, EXPLAINING THAT BANK INTEREST RATES HERE ARE SUBSTANTIALLY HIGHER THAN IN US).

3. POL COUNSELOR REPLIED ALONG LINES OF AMBASSADOR'S RESPONSE TO PEREZ, ADDING, HOWEVER, THAT HE WOULD REFER ARANGO'S REQUEST TO WASHINGTON AND THAT, IF NOTHING ELSE COULD BE DONE, PERHAPS USG COULD PROVIDE ASSISTANCE BY ACTUARIAL EXPERTS AND THUS HELP ELIMINATE ONE OF ROOT CAUSES OF GOC'S PRESENT PROBLEMS.

4. ACTION REQUESTED: EMBASSY WOULD LIKE TO BE IN POSITION TO OFFER TECHNICAL ASSISTANCE; PLEASE ADVISE WHETHER IT IS AVAILABLE AND ON WHAT TERMS. ALSO, WHETHER THERE IS ANYTHING USG CAN DO TO ASSIST GOC IN COVERING DEFICIT EITHER DIRECTLY OR INDIRECTLY.
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